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BEFORE THE FEDERAL ELECTION COMMISSION

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SENSITIVE

MUR 5386

In the Matter of)
)
International Association of Machinists and)
Aerospace Workers District Lodge 141-M and)
Local Lodge 1487)
)
Machinists Non Partisan Political League and)
Warren Mart, in his official capacity as Treasurer;)
)
International Association of Machinists and)
Aerospace Workers District Lodges 141 and 142)

REVISED GENERAL COUNSEL'S REPORT # 2

I. ACTIONS RECOMMENDED

Find reason to believe that the International Association of Machinists and Aerospace Workers ("IAMAW") District Lodges 141 and 142 violated 2 U.S.C. §§ 441b and 441f and 11 C.F.R. §§ 110.4 and 102.6; authorize pre-probable cause conciliation with the Machinists Non Partisan Political League and Warren Mart, in his official capacity as Treasurer ("MNPL"), IAMAW District Lodge 141, IAMAW District Lodge 141-M, IAMAW District Lodge 142 and IAMAW Local Lodge 1487 ("Respondents") and approve the attached proposed Conciliation Agreement.

II. BACKGROUND

On September 9, 2004, the Commission found reason to believe that MNPL, IAMAW District Lodge 141-M, and IAMAW Local Lodge 1487 violated 2 U.S.C. §§ 441b and 441f and 11 C.F.R. §§ 110.4 and 102.6 in connection with allegations that delegates to various IAMAW District conferences and conventions had been reimbursed for unitemized contributions to

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1 MNPL with union general treasury funds. *See* MUR 5386 First General Counsel's Report.
2 Although their response to the initial complaint was evasive and uninformative, Respondents
3 have cooperated with this Office's investigation by voluntarily submitting information
4 acknowledging the violations by MNPL, District Lodge 141-M and Local Lodge 1487; clarifying
5 that some of the violations previously attributed to District Lodge 141-M actually involved
6 District Lodge 141 (which was identified in the complaint); and by advising this Office of similar
7 violations by the affiliated and jointly represented IAMAW District Lodge 142.

8 Respondents have produced information indicating that, in connection with twenty
9 separate conferences and conventions, the IAMAW district and local lodges identified above
10 reimbursed approximately \$100,765 in contributions to MNPL. This Office has interviewed
11 officials of MNPL and the IAMAW district and local lodges involved in the violations. Further,
12 at the request of this Office, Respondents also have submitted audit certifications from other
13 IAMAW district and local lodges that act as collecting agents for MNPL to establish that the
14 conduct at issue did not extend beyond the lodges discussed above. Respondents have requested
15 pre-probable cause conciliation. A proposed Conciliation Agreement reflecting the information
16 submitted by Respondents is attached. *See* Attachment 1.

17 **III. FACTS**

18 The International Association of Machinists and Aerospace Workers ("IAMAW") union
19 represents 730,000 members across North America. IAMAW District Lodges 141, 141-M, 142,

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1 and IMAW Local Lodge 1487 are subordinate labor organizations affiliated with the IMAW.¹
2 The Machinist Non Partisan Political League ("MNPL") is the federal separate segregated fund
3 of IMAW. All officers of MNPL are officers of IMAW, and MNPL shares administrative
4 staff with IMAW. All IMAW district and local lodges, including District Lodges 141, 141-
5 M, 142 and Local Lodge 1487, are collecting agents for MNPL. Each IMAW District and
6 Local Lodge had an officer who was designated as that local organization's "Director of MNPL"
7 and functioned as MNPL's representative for fundraising activities involving, and solicitations
8 to, members of that district or local lodge.

9 Going back at least as far as the early 1990s, delegates to IMAW District Lodge 141,
10 141-M, and 142 conventions voted to contribute their registration fees to MNPL.² IMAW
11 District Lodges 141 and 141-M held seventeen conventions and conferences in 2000, 2001, and
12 2002 at which delegates voted to contribute their registration fees to MNPL. The delegates to
13 these events each paid \$50 in registration fees. IMAW District Lodge 142 held three
14 conventions between 2000 and 2003 at which delegates voted to contribute their registration fees
15 to MNPL. The registration fees were \$30 for the 2000 District Lodge 142 convention and \$40
16 for both the 2001 and 2003 District Lodge 142 conventions. Interviews with the Secretary
17

¹ IMAW District Lodges 141 and 141-M and Local Lodge 1487 are located primarily in Illinois and California and manage the collective bargaining agreements for employees of US Airways, United Airlines, and some other small, independent carriers. IMAW District Lodge 141-M was related to IMAW District Lodge 141 but only covered the mechanical and related employees for those airlines. IMAW District Lodge 141-M was merged into IMAW District Lodge 141 on May 31, 2004. IMAW District Lodge 142 represents all employees, except pilots, with TWA, public contact employees with Southwest Airlines, flight attendants with Continental and Continental Micronesia, and mechanical and related employees with U.S. Airways and some other small or regional carriers such as Aloha and Air Wisconsin. IMAW District Lodge 142 also represents some employees of foreign flag carriers such as British Airways and Aero Mexico. IMAW Local Lodge 1487 is an organizational subcomponent of IMAW District Lodge 141.

² Members of Local Lodge 1487 attended IMAW District Lodge 141 conventions.

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1 Treasurers of District Lodges 141 and 141-M revealed that in some cases delegates even wrote
2 their registration fee checks directly to MNPL assuming the customary motion would be made to
3 contribute the fees. Respondents concede that it was the ordinary practice to reimburse such
4 conference registration fees out of union general treasury funds.

5 The twenty conventions and conferences at which the delegates voted to contribute their
6 registration fees to MNPL and were later reimbursed for those registration fees are set forth
7 below.³

<u>Date</u>	<u>Organizational Unit</u>	<u>Contributions</u>
3/1/2000	District Lodge 141 (Conference)	\$4,800
3/29/2000	District Lodge 141-M (Conference)	\$4,650
5/12/2000	District Lodge 141 (Conference)	\$7,800
5/12/2000	District Lodge 141 and 141-M (Conference)	\$3,300
7/19/2000	District Lodge 141 (Conference)	\$3,550
10/18/2000	District Lodge 141-M (Convention)	\$8,700
10/31/2000	District Lodge 141 (Convention)	\$11,150
10/2000	District Lodge 142 (Convention)	\$2,340
6/12/2001	District Lodge 141 (Conference)	\$2,950
7/11/2001	District Lodge 141 (Conference)	\$1,100
10/2001	District Lodge 142 (Convention)	\$2,740
11/19/2001	District Lodge 141 (Conference)	\$4,150
12/31/2001	District Lodge 141 (Conference)	\$3,000

³ The dates provided reflect when MNPL reported receipt of the unitemized contributions collected at the event.

1	12/2001	District Lodge 141 (Convention)	\$12,400
2	6/11/2002	District Lodge 141 (Conference)	\$3,000
3	9/12/2002	District Lodge 141 (Conference)	\$2,425
4	9/23/2002	District Lodge 141 (Conference)	\$4,300
5	10/2002	District Lodge 141 (Convention)	\$13,350
6	12/3/2002	District Lodge 141 (Conference)	\$3,300
7	<u>10/2003</u>	District Lodge 142 (Convention)	<u>\$1,760</u>
8	Total		\$100,765

Most, if not all, of the delegates to those conventions and conferences were reimbursed by their district or local lodge for the registration fees the delegates paid to attend the conventions. According to the Secretary Treasurer of Local Lodge 1487, reimbursing delegates' expenses for attending conventions was also part of longstanding past practice and tradition for IAMAW Respondents, and the cost of registration fees were considered expenses. Respondents do not contest that the approximately \$100,765 in unitemized contributions that were attributed to MNPL by convention delegates to the District Lodge 141, 141-M, and 142 conventions were reimbursed with union general treasury funds.

The Respondent lodges and the union officers authorizing reimbursements knew that the registration fees had been contributed to MNPL, because their own delegates voted to do so. Similarly, the Director of MNPL at each of the IAMAW lodges during the relevant time period also knew that the contributions were being reimbursed. The Director of MNPL for District Lodge 141 was also the Secretary Treasurer of District Lodge 141 and the person responsible for authorizing reimbursements. Respondents contend that the various district and local lodge

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1 officers (including the local Directors of MNPL) did not recognize that reimbursing registration
2 fees that had been contributed to MNPL violated the law. This Office interviewed various
3 district and local union officers to confirm this contention.

4 While the current and former General Secretary Treasurers of IAMAW, who would
5 simultaneously also hold the position of General Secretary Treasurer for MNPL, were not
6 directly aware of the reimbursements, MNPL's agents in each of the district and local lodges
7 appear to have had knowledge of the reimbursements.⁴ It does not appear that the financial
8 officers of the IAMAW Respondents, including the Directors of MNPL for the districts, were
9 adequately trained or instructed in the law of collecting, soliciting, or forwarding contributions to
10 MNPL. The Financial Officers' Reference Manual, distributed to district and local lodge
11 financial officers during the relevant period, does not contain any instructions or legal
12 prohibitions on collecting, soliciting, or forwarding contributions to MNPL. According to the
13 Secretary Treasurer of Local Lodge 1487, he thought the manual pre-dated the creation of MNPL
14 and had not been updated since. Further, the financial officers interviewed indicated they had
15 received no such training or instruction from IAMAW or MNPL despite the fact that an MNPL
16 committee held separate break-out sessions at the district conventions to discuss raising money
17 for MNPL. The General Secretary Treasurer of IAMAW stated that such training was provided
18 at a financial officers' school and at state conventions. However, neither training opportunity

⁴ For example, William Lowe, Secretary Treasurer for District Lodge 141 from January 2003 through November 2004, was also the Director of MNPL for District Lodge 141 from 1987 until he retired in 2004. He appears to have been aware of the contributions and reimbursements the entire time he held these positions. As part of his duties as Secretary Treasurer, Mr. Lowe signed reimbursement checks for district officers' expenses, which included conference and/or convention registration fees. He attended several of the yearly MNPL conventions and remembered having discussions with MNPL officials, but he does not remember the nature of those discussions.

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1 was mandatory for financial officers, and the monetary burden of attending this training rested
2 with the district or local lodge or the individual officer. It appears that none of the financial
3 officers for the IMAW Respondents, including the Directors of MNPL for the Respondent
4 lodges, attended these training opportunities.

5 As stated above, in response to a request from this Office, MNPL conducted an internal
6 review of its collecting agents and submitted certifications from Grand Lodge Auditors
7 confirming that other lodges had not engaged in the same activity. IMAW District Lodge 142's
8 involvement in the same reimbursement process alleged in the Complaint regarding District
9 Lodges 141 and 141-M was uncovered as a result of this internal review. According to the
10 internal review, the activity appears to be restricted to IMAW District Lodges 141, 141-M, and
11 142 and IMAW Local Lodge 1487.

12 Based on the above information regarding the IMAW district lodges that are not
13 currently Respondents, the Office of General Counsel recommends that the Commission find
14 reason to believe that IMAW District Lodges 141 and 142 violated 2 U.S.C. §§ 441b and 441f
15 and 11 C.F.R. §§ 110.4 and 102.6.⁵

16 All Respondents have requested conciliation of this matter. This Office recommends the
17 Commission authorize entering into pre-probable cause conciliation with all Respondents.

18 **IV. CONCILIATION AGREEMENT**
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V. RECOMMENDATIONS

1. Find reason to believe that the International Association of Machinists and Aerospace Workers ("IAMAW") District Lodges 141 and 142 violated 2 U.S.C. §§ 441b and 441f and 11 C.F.R. §§ 110.4 and 102.6;

2. Enter into conciliation with Machinists Non Partisan Political League ("MNPL") and Warren Mart, in his official capacity as Treasurer, the International Association of Machinists and Aerospace Workers ("IAMAW") District Lodge 141, IAMAW District Lodge 141-M, IAMAW District Lodge 142 and IAMAW Local Lodge 1487 prior to a finding of probable cause to believe;

3. Approve the attached proposed Conciliation Agreement; and

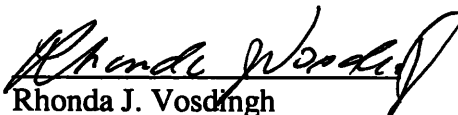
4. Approve the appropriate letter(s).

Lawrence H. Norton
General Counsel

Date

8/2/05

BY:



Rhonda J. Vosdingh
Associate General Counsel
for Enforcement



Mark Shonkwiler
Assistant General Counsel



April Sands
Attorney



Audra L. Wassom
Attorney

Attachments

1. Proposed Conciliation Agreement